



This form is to be used in conjunction with a rule review when ancillary documents are also being reviewed as part of the review process.

Ancillary documents are interpretive or policy statements that advise the public of the Department's opinions, approaches, or likely course of action. They include documents such as Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs), and Revenue Policy Memorandums (RPMs). Ancillary documents do not have the "force of law" that a rule is given under the Administrative Procedures Act (Chapter 34.05 RCW). Court decisions, Board of Tax Appeals decisions (BTA), and Washington Tax Decisions (WTDs) **are not** ancillary documents.

Reviewer: Ed Ratcliffe Date Reviewed: 9/18/2000

Ancillary Document being reviewed (provide number and title): ETA 571.04.146/109—Taxability of Investment Income

Date last Issued: June 30, 1995

This document is being reviewed in conjunction with (provide WAC number and title): WAC 458-20-146 (National and state banks, mutual savings banks, savings and loan associations and other financial institutions)

Purpose of the document: The excise tax advisory (ETA) clarifies the taxability of income from investments. It provides a two-part test to determine whether the taxpayer is a "financial business." The first step is whether the investment income exceeds 5% of the taxpayer's gross income. If so, the second step is to determine whether the taxpayer's business is comparable to "banking, loan or security businesses." The ETA also states as policy the assumption that individuals not engaged in any business requiring tax registration are not a financial business regardless of the amount of income or volume of investments or loans.

Is the document clearly written?

Yes	No
X	



Does the document provide accurate and useful information?

Yes	No
X	

Does the document provide information not currently in the rule?

Yes	No
X	

Review recommendation:

A. Update		
B. Repeal		
C. Leave as is		
D. Incorporate into rule and repeal		X

Briefly explain your recommendation:

This ETA provides information that should be incorporated into a rule to provide an easier and more binding source of guidance for taxpayers on this issue. The rule could also more specifically deal with real estate developers and how the ETA applies in those situations.

Manager Action:

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 Accepted recommendation Date: _____

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 Returned for further review Date: _____

Comments _____